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December 6, 2007

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DEC 07 2007

PUBLIC SERVICE
COMMISSION

Via Federal Express

Ms. Elizabeth O'Donnell
Executive Director
Public Service Commission
211 Sower Boulevard, P.O. Box 615
Frankfort, Kentucky 40602-0615

Re: In the Matter of: An Investigation of the Energy and
Regulatory Issues in Section 50 of Kentucky's 2007
Energy Act, Administrative Case No. 2007-00477

Dear Ms. O'Donnell:

Enclosed on behalf of Big Rivers Electric Corporation is a petition for confidential treatment of certain information contained in Big Rivers' response to the information requested by the Public Service Commission's Order dated November 20, 2007. One copy of the response with the confidential information highlighted, and ten copies of the response with the confidential information redacted, are attached to the petition. The petition and a redacted copy of the response has been served on all parties of record.

Sincerely,



Tyson Kamuf

TAK/ej
Enclosures

cc: David Spainhoward
John Talbert
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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
DEC 07 2007
PUBLIC SERVICE
COMMISSION

In the Matter of:

AN INVESTIGATION OF THE)
ENERGY AND REGULATORY) ADMINISTRATIVE
ISSUES IN SECTION 50 OF) CASE NO. 2007-00477
KENTUCKY'S 2007 ENERGY ACT)

**PETITION OF BIG RIVERS ELECTRIC CORPORATION
FOR CONFIDENTIAL TREATMENT**

Big Rivers Electric Corporation ("Big Rivers"), pursuant to 807 K.A.R. 5:001 Section 7, respectfully petitions the Kentucky Public Service Commission ("Commission") to classify and protect as confidential certain material contained in the December 7, 2007, response ("Response") of Big Rivers to the information requested in the Commission's Order dated November 20, 2007, in this matter. Specifically, Big Rivers seeks confidential treatment of its 2007 operating budget, which is attached as Exhibit A to Item 1 of its Response (the "Confidential Information"). In support of this petition, Big Rivers states:

1. The Confidential Information for which Big Rivers seeks confidential treatment, falls within a category of commercial information "generally recognized as confidential or proprietary, which if openly disclosed would permit an unfair commercial advantage to competitors" of Big Rivers. KRS 61.878(1)(c)(1); 807 KAR 5:001 Section 7(2)(a)(1).

2. One (1) copy of the Response containing the Confidential Information, with the Confidential Information highlighted with transparent ink, and ten (10) copies of the Response with the Confidential Information redacted, are attached to this petition. 807 KAR 5:001 Section 7(2)(a)(2) and 7(2)(b).

3. The Confidential Information, in its entirety, is the proprietary, internal operating budget of Big Rivers which is not publicly available. Big Rivers operates in a competitive marketplace for wholesale power and the public disclosure of sensitive commercial information would place it at a severe competitive disadvantage.

4. The material for which Big Rivers is seeking confidential treatment is not known outside of Big Rivers and is not disseminated within Big Rivers except to those employees and professionals with a legitimate business need to know and act upon the information.

5. If and to the extent that any of the Confidential Information becomes generally available to the public, whether through filings required by other agencies or otherwise, Big Rivers will notify the Commission and have its confidential status removed. 807 KAR 5:001 Section 7(9)(a).

6. A copy of this petition and the redacted Response have been served on all parties. 807 KAR 5:001 Section 7(2)(c).

WHEREFORE, Big Rivers respectfully requests that the Commission classify and protect as confidential the Confidential Information filed with this petition.

On this the 6th day of December, 2007.

SULLIVAN, MOUNTJOY, STAINBACK
& MILLER, P.S.C.



James M. Miller
Tyson Kamuf
100 St. Ann Building, P. O. Box 727
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(270) 926-4000
Counsel for Big Rivers Electric Corporation

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

PUBLIC SERVICE
COMMISSION

AN INVESTIGATION OF THE)
ENERGY AND REGULATORY)
ISSUES IN SECTION 50 OF)
KENTUCKY'S 2007 ENERGY ACT)

ADMINISTRATIVE
CASE NO. 2007-00477

BIG RIVERS ELECTRIC CORPORATION'S RESPONSE TO
THE INFORMATION REQUESTED BY ORDER DATED NOVEMBER 20, 2007

December 7, 2007

BIG RIVERS ELECTRIC CORPORATION'S RESPONSE TO
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Item 1) Provide a copy of the most recent strategic plans and financial forecasts approved by the Board of Directors.

Response) A copy of the 2007 operating budget for Big Rivers Electric Corporation (“Big Rivers”) is attached hereto as Exhibit A, and constitutes the most recent Board approved strategic plan. The most recent financial forecast approved by the Board was filed with the Public Service Commission (“Commission”) on or around April 28, 2005, as ordered by the Commission in PSC Case Nos. 97-204 and 98-267. By letters dated April 18, 2006, and October 25, 2006, Big Rivers sought to postpone the filing of certain information, including its annual financial forecasts, required by the Commission’s orders in PSC Case Nos. 97-204 and 98-267, because of the proposed termination and unwind of Big Rivers’ current lease and power sales arrangements with affiliates of E.ON U.S., LLC. The Commission granted Big Rivers’ requests by letters dated May 12, 2006, and October 31, 2006. On April 18, 2007, Big Rivers requested the Commission to hold the filing requirement in abeyance pending the closing of the unwind transactions, which request was granted by the Commission by letter dated April 24, 2007, and the filing requiring continues to be held in abeyance.

Witness) C. William Blackburn

[REDACTED]

BIG RIVERS ELECTRIC CORPORATION'S RESPONSE TO
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ADMINISTRATIVE CASE NO. 2007-00477
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2 **Item 2)** Provide a copy of the most recent utility level and parent company rating agency
3 reports from Moody's, Fitch's, and Standard & Poor's.

4

5 **Response)** Big Rivers is not currently rated by any of the above agencies.

6

7

8 **Witness)** C. William Blackburn

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Item 3) Provide copies of any internal reports or utility-commissioned studies on renewable capabilities in Kentucky, including capacity for development of integrated gasification combined cycle facilities.

Response) Big Rivers has invested a small amount of money and staff time to work with thirty other generation and transmission power companies ("G&T's") and ACES Power Marketing to develop the concept of a National Renewables Cooperative ("NRCO"). This is being done not only to assist G&T's and their members to meet various state renewable portfolio standard ("RPS") requirements, but also to assist distribution cooperatives that are not affiliated with a G&T. The purpose of developing a NRCO is to enable a G&T or an unaffiliated distribution cooperative to invest in renewable energy projects in its own service area or outside of the area or region so that the G&T or distribution cooperative could obtain renewable energy credits that could be used either to meet an RPS requirement or simply to offer its member-consumers a choice of renewable energy. It is anticipated that this effort will become a reality some time in the first half of 2008. Big Rivers anticipates becoming a member of the NRCO. Big Rivers does not have any other internal reports or utility-commissioned studies on renewable capabilities in Kentucky, including capacity for development of integrated gasification combined cycle facilities.

Witness) Russ Pogue

BIG RIVERS ELECTRIC CORPORATION'S RESPONSE TO
THE INFORMATION REQUESTED BY ORDER DATED NOVEMBER 20, 2007
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2 **Item 4)** Provide a review of existing demand-side management programs, with description
3 which includes, at a minimum, the rate classification of customers eligible for each program, the
4 date each program commenced, the current number of customers on each program, the
5 technology being deployed, whether any third-party vendors are involved, the measurement and
6 verification protocols being utilized, and the estimated annual energy savings.

7
8 **Response)**

9
10 **A. Existing Energy Efficiency Programs Offered by Big Rivers**
11 **in Conjunction with its Distribution Cooperative Members**

12
13 Big Rivers is a strong proponent of the efficient use of Kentucky's energy resources and
14 is committed to helping its three distribution cooperative members educate their member-
15 consumers about the importance of efficient energy use. Big Rivers and its members became
16 Energy Star Partners in 2007. Big Rivers continues to work with its members to develop energy
17 efficiency programs designed to communicate to the retail consumers the energy savings
18 associated with energy efficient opportunities. Programs are communicated through an
19 assortment of collateral materials, advertising, and training aimed at architects, builders, energy
20 managers, and customers. In addition, Big Rivers continues to provide direct support to its
21 members and their commercial and industrial retail customers to promote efficient and cost
22 effective energy use. Additional education is provided to commercial and industrial accounts
23 through on-site visits and the "Commercial and Industrial News", which Big Rivers has
24 published quarterly on behalf of its members since January 1999. The publication covers energy
25 related topics focusing on energy efficiency and management. Big Rivers also provides
26 matching financial incentives to assist its members' efforts to encourage their retail consumers to
27 construct energy efficient homes and install high efficiency heat pumps. Big Rivers has
28 developed and monitors information for its members that compares annual operating costs for
29 various types of heating systems. Each of Big Rivers' members chooses how and when to use
30 the information. Big Rivers provides a number of services to its members to assist in educating
31 retail customers on efficient use of energy and analysis of cost savings. A number of energy
32

BIG RIVERS ELECTRIC CORPORATION'S RESPONSE TO
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1
2 efficiency programs offered by Big Rivers or by Big Rivers' members in conjunction with Big
3 Rivers are summarized below.

4
5 1. Energy Efficiency Expos

6
7 Big Rivers' three distribution cooperatives members, Jackson Purchase Energy
8 Corporation ("JPEC"), Meade County Rural Electric Cooperative Corporation ("Meade County
9 RECC"), and Kenergy Corp. ("Kenergy"), provide educational expos for residential customers
10 on energy efficiency in the home. The workshops are educational seminars designed to present
11 information on energy savings devices and techniques to the employees and customers of the
12 three distribution cooperatives. Meade County RECC held a first-of-its-kind pilot expo in
13 Brandenburg, Kentucky, on October 16 2007, where more than 700 Meade County RECC
14 customers attended. JPEC has tentatively scheduled an energy efficiency expo in May 2008, and
15 Kenergy has tentatively scheduled an expo in June 2008.

16
17 2. Energy-Use Assessment

18
19 This assessment or audit assists retail customers in improving energy efficiency by
20 combining the distribution cooperatives' expertise in energy delivery and use with the
21 customer's knowledge to identify opportunities to lower energy costs. This service has been
22 available to commercial and industrial customers since 1998.

23
24 3. Operation Assessment

25
26 This service evaluates when and how energy is used in a customer's facility. Many
27 facilities have the ability to adjust operations and/or equipment controls to save energy and
28 money. This service has been available to commercial and industrial customers since 1998.

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8. Power Quality Correction

Engineering and customer service staff from the distribution cooperatives assist commercial and industrial customers in correctly identifying power quality problems. This service is available to all customers.

9. Energy Use Summary

Meade County RECC, Kenergy, and Jackson Purchase all provide energy use summaries on their associated Web sites. Three to four years of energy use and billing data is displayed in graphical and tabular form along with weather data for the previous two years. This service has been available to all customers since 2003.

10. Customized Billing Services

Changes in bill printing have made the ability to receive multiple bills in the same mailing available to the distribution cooperatives' retail customers. This service is available to all customers.

11. Residential Energy Auditing

At the request of a distribution cooperative, Big Rivers' staff will provide telephone and onsite residential energy audits. This service is available to residential customers as resources permit.

**B. Existing Energy Efficiency Programs Offered by
Big Rivers' Distribution Cooperative Members**

All three of Big Rivers' distribution cooperative members provide website access to their Home Energy Suite, which is an easy to use interactive program that allows retail customers to evaluate energy efficient opportunities and find objective information. JPEC, Kenergy, and

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2 Meade County RECC have all provided compact fluorescent lamps (CFLs) to their retail
3 members who attend their annual meetings and during special events such as customer
4 appreciation days. Since 2003, more than 58,000 CFLs have been given to customers at no cost.
5 The replacement CFL program resulted in an estimated annual reduction of 2,739 kW demand
6 and 4,536 MWh. Existing energy efficiency programs offered by Big Rivers' members are
7 summarized below.

8
9 1. Kenergy

10
11 Kenergy offers educational and informative brochures, magazine articles, and television
12 and radio commercials relating to energy efficiency topics. A residential energy efficiency expo
13 is tentatively scheduled in conjunction with the 2008 annual meeting. Kenergy has promoted
14 energy efficiency in new construction through the Touchstone Energy Home program and in
15 existing construction with dual fuel HVAC systems since January 2005. Kenergy is dedicated to
16 becoming its customer's primary source of energy efficiency information by providing accurate,
17 easy to understand and objective information to customers interested in improving efficiency.

18
19 2. JPEC

20
21 JPEC provides similar energy efficiency informational articles in its monthly newsletter
22 "Plugged In" and in brochures to its members. JPEC customer service staff distributes the U.S.
23 DOE's "Energy Savers Tips on Saving Energy & Money at Home," which is a brochure that
24 compiles ideas and measures that will help reduce energy usage and save money for the retail
25 customer. Magazine articles are also posted on JPEC's Web site with ideas on how to save
26 energy. The JPEC web site provides a link to the Department of Energy's Home Energy Saver
27 web site, allowing customers to obtain detailed information on energy use for their homes and on
28 how to reduce their energy use. JPEC provides free caulk to its retail consumers in efforts to
29 help the consumers maintain adequate insulation of their homes. JPEC has promoted energy
30 efficiency in new construction through the Touchstone Energy Home program and in existing
31 construction with dual fuel HVAC systems since January 2005. JPEC is not currently
32 conducting any load management programs.

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2 3. Meade County Rural Electric Cooperative Corporation

3
4 Meade County RECC provides energy efficiency informational brochures on geothermal
5 heating and cooling systems, and also publishes articles relating to energy efficiency tips in
6 Kentucky Living magazine. The articles suggest ways to save on cooling costs during the
7 summer and save on heating costs during the winter. Radio advertisements are also a way of
8 educating consumers about energy efficiency topics. Advertisements are also used to increase
9 awareness of water and energy conservation issues such as leaking faucets, and to increase
10 awareness of energy efficiency measures that can be used to save money on heating and cooling
11 bills while still making the home comfortable. Meade County RECC offers the "All Seasons
12 Comfort Home" program to its retail consumers that are building new homes. The program
13 provides recommended, proven standards for insulation, energy-saving features, and assistance
14 in the selection and installation of high efficiency heat pumps and geothermal heating and
15 cooling systems. Meade County RECC provides information to its consumers on the most
16 efficient and economical heating and cooling system equipment. Meade County RECC is not
17 currently conducting any load management programs.

18
19 C. Energy Efficiency Action Plan

20
21 Big Rivers proposes to continue to work with its three distribution cooperative members
22 to enhance the energy efficiency information provided on its and its members' web sites.
23 Kenergy and JPEC plan to sponsor energy efficiency expo pilots in their service territories
24 during 2008, and Meade County RECC will hold its second annual energy efficiency expo in the
25 fall of 2008. Finally, Big Rivers is sponsoring the US EPA "Change a Light" Initiative at each
26 distribution cooperative's energy efficiency expo. Each distribution cooperative will continue
27 the distribution of free CFL's at their annual meetings and expos.

28
29
30 **Witness)** Russ Pogue

BIG RIVERS ELECTRIC CORPORATION'S RESPONSE TO
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2 **Item 5)** Provide copies of any internal reports or utility-commissioned studies on the
3 extent of untapped opportunities for additional demand-side management programs in Kentucky

4

5 **Response)** Big Rivers does not have any internal reports or studies on the extent of untapped
6 opportunities for additional demand-side management programs in Kentucky.

7

8

9 **Witness)** Russ Pogue

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Item 6) Provide copies of any research materials, industry publications, investment banking or rating agency reports, in your possession, that relate to the following issues under review in this investigation:

a. Considerations for utility adoption of cost-effective demand management strategies.

b. Diversification of utility energy portfolios through the use of renewables and distributed generation.

c. Variables and methodologies to consider full-cost accounting of strategies for consideration of alternatives in meeting future energy demand.

d. Rate structure and cost recovery options to mitigate adverse financial impacts of alternative energy option.

e. The need for and type of financial incentives for a utility to provide energy efficiency and lowest alternative generation/DSM options to customers.

Response) Big Rivers does not have any research materials, industry publications, investment banking or rating agency reports that relate to the issues under review in this investigation.

Witness) Russ Pogue

BIG RIVERS ELECTRIC CORPORATION'S RESPONSE TO
THE INFORMATION REQUESTED BY ORDER DATED NOVEMBER 20, 2007
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2 **Item 7)** Identify the person having primary responsibility for the utility resource plan.

3

4 **Response)** C. William Blackburn, Chief Financial Officer & Vice President of Financial
5 Services

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THE INFORMATION REQUESTED BY ORDER DATED NOVEMBER 20, 2007
ADMINISTRATIVE CASE NO. 2007-00477
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- 1
2 **Item 8)** Identify the person or persons having primary responsibility for the utility
3 financial forecasts and strategic plan or strategic planning documents.
4
5 **Response)** C. William Blackburn, Chief Financial Officer & Vice President of Financial
6 Services

BIG RIVERS ELECTRIC CORPORATION'S RESPONSE TO
THE INFORMATION REQUESTED BY ORDER DATED NOVEMBER 20, 2007
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2 **Item 9)** Identify the person or persons within the utility having primary responsibilities for
3 siting new generation.

4

5 **Response)** C. William Blackburn, Chief Financial Officer & Vice President of Financial
6 Services

BIG RIVERS ELECTRIC CORPORATION'S RESPONSE TO
THE INFORMATION REQUESTED BY ORDER DATED NOVEMBER 20, 2007
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2 **Item 10)** Identify the person or persons within the utility having the primary responsibility
3 for conservation, energy efficiency, and demand-side management programs.

4

5 **Response)** Russ Pogue, Manager of Marketing & Member Relations

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Item 11) Identify and discuss all portions of the utility's current integrated resource plan which discuss future plans for implementation of demand-side management, renewable energy resources, and energy efficiency.

Response) Big Rivers 2002 Integrated Resource Plan (the most recent IRP accepted by the Commission) discusses future implementation of demand-side planning and energy efficiency in section 5.7.3. Big Rivers developed a three-year energy efficiency plan to help its members save energy and money and to take advantage of environmental and other benefits of energy efficiency programs. The plan included conducting a baseline consumer survey to determine where high market penetration existed and where market barriers to energy efficiency remained; providing education via the internet to include links to state, regional and national energy efficiency websites, including the U.S. E.P.A. ENERGY STAR program; developing brochures to explain energy efficient home construction, and applying for state and federal funds to be used for other consumer and industrial energy efficiency programs.

Also, in 2005, Big Rivers entered into an agreement with Weyerhaeuser Industries (“Weyerhaeuser”) to purchase green power from Weyerhaeuser’s facility in Hawesville, Kentucky. Weyerhaeuser has since assigned that agreement to Domtar Paper Company, LLC. Big Rivers has been purchasing power under the agreement since January 2006.

Witness) C. William Blackburn